



BUDGET BRIEFS

Subcommittee Report

MAY 2, 2001

IN THIS BRIEF:

- ✍️ **FULL COMMITTEE**
- ✍️ **SUBCOMMITTEE 1 (EDUCATION)**
- ✍️ **SUBCOMMITTEE 2 (RESOURCES, TRANSPORTATION, & JUDICIARY/JUSTICE)**
- ✍️ **SUBCOMMITTEE 3 (HEALTH & HUMAN SERVICES)**
- ✍️ **SUBCOMMITTEE 4 (GENERAL GOVERNMENT, PUBLIC SAFETY)**

FULL COMMITTEE APRIL 26

MIKE GENEST, STAFF DIRECTOR

✍️ **Vacancies.** Senator Ackerman made a detailed presentation to the Committee explaining how state departments have circumvented the will of the Legislature by rotating staff through vacant positions in order to prevent the positions and the funding associated with them from being eliminated. While Senate Republicans were prepared to remove \$800 million from the budget to address this issue, the Committee referred action to the subcommittees, which to date have not acted on any of the vacancies. Senate Republicans will have an opportunity to raise this issue again on May 23, when the Committee meets to approve the Subcommittee Reports.

✍️ **SB 347.** The Committee approved this bill, the annual deficiency bill, after removing a proposed \$2 million appropriation for pre-implementation costs of expanding the Healthy Families program to parents of eligible children. Senate Republicans raised an objection because the enabling legislation requiring the administration to seek a waiver for this expansion was passed without an appropriation on a simple majority vote. By taking this concern into account, the Committee reiterated the bi-partisan agreement not to use the deficiency process to fund legislation that would have needed a 2/3 vote if it had contained funding.

(Dollars in Thousands)

Fund	Governor's Budget	Senate Changes	Budget to Date
General Fund	82,853,187	-1,012,546	81,840,641
Special Funds	19,163,076	-452,134	18,710,942
Bond Funds	2,710,260	73	2,710,333
Federal Funds	42,920,560	67,325	42,987,885
Total	147,647,083	-1,397,282	146,249,801

SUBCOMMITTEE 1 (EDUCATION) APRIL 23, 26

ROGER MACKENSEN, CONSULTANT

(Dollars in Thousands)			
<i>Fund</i>	<i>Governor's Budget</i>	<i>Senate Changes</i>	<i>Budget to Date</i>
<i>General Fund</i>	40,100,064	-143,568	39,956,496
<i>Special Funds</i>	779,507	0	779,507
<i>Bond Funds</i>	1,417,270	0	1,417,270
<i>Federal Funds</i>	10,052,917	0	10,052,917
<i>Total</i>	52,349,758	-143,568	52,206,190

APRIL 23

✍✍**School Safety.** The Subcommittee checklisted (3-0) augmentations of \$60 million (Proposition 98) for the School Safety Block Grant, \$455,000 (General Fund) for state operations support of the block grant, and \$443,000 (General Fund) for the State Department of Education (SDE) to help local schools develop crisis response plans. Senate Republicans called for an increase in the school safety block grant in the 2000-01 budget and the Legislature added \$61 million, which was ultimately vetoed.

✍✍**Class Size Reduction (CSR).** The Subcommittee checklisted (3-0) \$64 million for a possible current year deficit in the K-3 class size reduction program. This issue results from the SDE's application of a higher COLA in 1998-99 for the CSR program than was intended by the Legislature and Governor. (SDE applied a 3.95 percent COLA per statute despite the Legislature and Governor taking budgetary action to provide a 2.18 percent COLA. Thus the deficit.) The Administration is re-evaluating this issue for the May Revision.

✍✍**Department of Education Move.** The Subcommittee checklisted (3-0) \$1.7 million (General Fund) requested by the SDE to fund costs associated with their pending move to a new building within the East End Complex. This funding was not included in SDE's original moving budget.

✍✍**County Office of Education Oversight.** The Subcommittee approved (3-0) \$5 million (Proposition 98), including a \$3.5 million augmentation, to fund county office of education fiscal oversight of school districts.

✍✍**California School Information Services (CSIS).** The Subcommittee augmented (3-0) by \$8.5 million (Proposition 98) to provide local implementation grants for school districts and county offices of education to receive incentive funding to participate in CSIS, which is designed to provide for the electronic transfer of student records among school districts, of reporting documents to the SDE, and to assist local policymakers in providing more effective services to their students. The \$8.5 million is set aside to backfill audit recovery funds (the primary CSIS funding source) should these funds fall short. This augmentation would bring total local assistance funding to \$20.5 million. The subcommittee also approved an additional \$500,000 for the SDE to implement CSIS at the state level.

APRIL 26

✍✍**California State University (CSU).** The Subcommittee adopted (2-1: Margett "No") supplemental report language regarding the collective bargaining process and working conditions for CSU faculty members participating in year-round operations. This language was proposed by the California Faculty Association and opposed by CSU.

✍✍**CSU Augmentations.** The Subcommittee checklisted (3-0) the following augmentations:

- ?? \$12 million for CSU student services such as counseling, mentoring, and students access to records.
- ?? \$3 million for joint-use intersegmental projects.
- ?? \$114,000 for administrative support for the Center for California Studies - Judicial Studies Program.

✍✍**University of California (UC).** The Subcommittee checklisted (3-0) funding for the following UC capital outlay projects:

- ?? \$10 million (General Fund) for the UC Riverside Heckman Center for Entrepreneurial Management.
- ?? \$23.5 million (General Fund) for the UCSF-Fresno Medical Center.
- ?? \$3.3 million (Prop. 1A Bond Funds) for working drawings for a UC Davis Veterinary Medicine facility.
- ?? \$1.4 million (Prop. 1A Bond Funds) for preliminary plans for a UC San Diego Pharmaceutical building.

California Community Colleges (CCC).

✍✍**Part-Time Faculty Compensation.** The Subcommittee approved (2-1: Margett "No") \$62 million for allocation to community college districts in order to assist districts make part-time faculty salaries more comparable to full-time salaries. While this program may be well-intentioned, it must be noted that increases in part-time salaries are likely to incentivize full-time faculty and administrators to seek similar raises. A better approach would be to provide districts with discretionary funding to be used for priorities identified by the district's locally elected governing board.

✍✍**Cal Grant Outreach.** The Subcommittee checklisted (3-0) \$11 million for Cal Grant outreach efforts.

✍✍**High Cost Programs.** The Subcommittee approved (3-0) \$5 million to increase funding for high cost programs, such as nursing, information technology, and biotechnology.

✍✍**CCC Augmentations.** The Subcommittee checklisted (3-0) the following augmentations:

- ?? \$39.1 million to fund an additional one percent enrollment growth.
- ?? \$45 million for community college district equalization.
- ?? \$100 million for the Partnership for Excellence (the Governor's Budget proposes no increase).
- ?? \$12.2 million for a COLA for the Partnership for Excellence.
- ?? \$94.6 million for education technology hardware, software, training, and technical support.
- ?? \$12.7 million (one-time) to backfill the loss of federal Pell Grant funds for community college students.
- ?? \$48.4 million to fund noncredit instruction.

SUBCOMMITTEE 2 (RESOURCES, TRANSPORTATION, & JUDICIARY/JUSTICE) APRIL 30**CONSULTANTS: ALEX ALANIS, DAVE HARPER**

(Dollars in Thousands)

Fund	Governor's Budget	Senate Changes	Budget to Date
General Fund	6,048,511	-518,053	5,530,458
Special Funds	7,709,953	-250	7,709,703
Bond Funds	1,271,328	73	1,271,401
Federal Funds	4,809,734	362	4,810,096
Total	19,839,526	-517,868	19,321,658

✍️ No significant actions were taken. The budgets of the Secretary of Cal-EPA and Air Resources Board were heard and several items were either deferred or put on a suspense list for future consideration. However, due to time constraints, the budgets of the State Water Resources Control Board and Department of Toxic Substance Control were rescheduled for a future hearing date.

SUBCOMMITTEE 3 (HEALTH & HUMAN SERVICES) APRIL 26, 30**CONSULTANTS: SHARON BISHOP, THERESE TRAN**

(Dollars in Thousands)

Fund	Governor's Budget	Senate Changes	Budget to Date
General Fund	21,963,227	424,893	22,388,120
Special Funds	5,120,675	-450,241	4,670,434
Bond Funds	0	0	0
Federal Funds	26,953,853	66,963	27,020,816
Total	54,037,755	41,615	54,079,370

APRIL 26

✍️ **In-home supportive services (IHSS).** The IHSS program provides domestic and personal care services (i.e., meal preparation, bathing, etc.) to eligible elderly and disabled persons to help them remain in their homes. In the current year, the budget includes a \$94.4 million General Fund augmentation to increase wages and benefits for IHSS workers. In subsequent years, the State will contribute towards a \$1 wage increase if General Fund revenue growth exceeds 5 percent (trigger). The proposed budget includes no additional new funding, since it is not likely that the trigger will be reached. Advocates have requested that the \$1 increase be implemented nonetheless, as well as other changes which would facilitate future increases. The subcommittee placed the \$1 wage increase on suspense (General Fund costs of between \$55 million and \$70 million). Vote: 2-0.

✍️ **Perinatal treatment.** The subcommittee placed \$3 million on suspense to expand “best practices” standards to existing perinatal treatment programs. Vote: 2-0.

✍️ **Proposition 36 drug-testing funds.** Proposition 36 requires that offenders convicted of non-violent and non-serious drug offenses be provided with treatment rather than incarcerated. Although the Proposition 36 appropriates funding for implementation, it prohibits the use of these funds for drug-testing. SB 223 (Burton) would appropriate \$18 million from the General Fund for drug tests. The subcommittee placed

\$8.4 million in federal Substance Abuse Prevention and Treatment funds into SB 223 and adopted it as trailer bill language. Vote: 2-0.

~~✓~~ **Evaluation of Proposition 36 funding allocation.** The subcommittee adopted placeholder budget bill language requiring the Department of Alcohol and Drug Programs to report on the impact of the existing funding allocation on meeting the mandates of Proposition 36. Vote: 2-0.

APRIL 30

~~✓~~ **The March Towards Universal Health Care Continues.** The Democrats approved a Finance Letter submitted by the Administration to increase its expenditure authority by \$500,000 in the budget year. This is in addition to an increase of \$700,000 in the current year. These funds, which come from a federal grant, will be used to develop options for implementing a universal health care system in California.

~~✓~~ **Another Expansion of Health Care.** Consistent with SB 224 (Speier), the Democrats voted to implement a new federal Medicaid option to expand breast and cervical cancer treatment for women with incomes up to 250 percent of the federal poverty level (\$21,475 for an individual). SB 224 provides for presumptive eligibility, self-declaration of income, and retroactive eligibility for up to three months. Undocumented women could receive treatment under a state-only component of the program. The Democrats augmented the budget by \$10.2 million (\$6.2 million General Fund) for a mid-year implementation. However, the Administration has estimated the full-year cost of implementing the federal option to be \$121.4 million (\$54.6 million General Fund).

~~✓~~ **Minimal Return on Fraud Prevention Efforts.** Even though the Department of Health Services was given almost 200 new positions last year to attack over \$1 billion in Medi-Cal provider fraud, the budget projects only \$75 million (\$37.5 million General Fund) in savings (7.5 percent of the problem). Based on a recommendation from the Legislative Analyst's Office, the Subcommittee voted to increase these savings by a meager \$12.2 million (\$5.9 million General Fund). Senator Haynes did try to reduce the Medi-Cal budget by assuming a 25-percent recovery, but his motion was ignored.

~~✓~~ **Improving Access to Health Care Without Expanding Entitlements.** Senator Haynes, representing the Joint Republican Caucus, put forward a motion to increase Medi-Cal reimbursement rates by 25 percent across-the-board. Current rates for physician payments average 50-60 percent of Medicare rates, and are far below commercial rates. Rates need to be high enough to encourage providers to care for Medi-Cal recipients. The Subcommittee ignored Senator Haynes' motion, but did put \$129 million (\$66 million General Fund) to provide a 15-percent increase (physicians only) on the Suspense List.

SUB 4 (GENERAL GOVERNMENT & PUBLIC SAFETY) APRIL 18, 30

CONSULTANTS: TOM SHEEHY, DAVE HARPER

(Dollars in Thousands)

Fund	Governor's Budget	Senate Changes	Budget to Date
General Fund	14,741,385	-775,818	13,965,567
Special Funds	5,552,941	-1,643	5,551,298
Bond Funds	21,662	0	21,662
Federal Funds	1,104,056	0	1,104,056
Total	21,420,044	-777,461	20,642,583

APRIL 18

- ✍✍**Board of Prison Terms – Eliminate Departmental Funding.** Frustrated with responses to questions related to the Board's Decision Review Process, the Subcommittee eliminated all funding for the Board, for a General Fund savings of \$28.4 million.
- ✍✍**Department of Corrections – Realignment of Budgeted Relief Pattern.** The Governor's Budget proposed \$36.6 million and 504 positions to realign the current budgeted relief pattern for existing posted positions to accurately cover vacation accrual and sick leave usage rates. Citing the alarmingly high vacancy rates for Correction Officer positions, the committee eliminated the 504 positions and redirected the funding to CDC's overtime blanket.

APRIL 30

- ✍✍**Lieutenant Governor.** The Subcommittee augmented the Lieutenant Governor's Office budget by 12 positions and \$770,000 for a San Diego office and additional funding for the Commission for Economic Development. These augmentation have been done the last two years and vetoed by the Governor.
- ✍✍**Arts Council.** The Subcommittee placed approximately \$27 million in Arts Council funding on checklist #1 for further review after the May Revision.
- ✍✍**Senior Citizens and Disabled Property Tax and Renters Tax Assistance Program.** The Subcommittee took action to adopt the Joint Republican Budget proposal to make permanent the 150% increase in the Senior Citizens and Disabled Property Tax and Renters Tax Assistance benefit enacted as part of the Budget Act of 2000. This action included a \$265 million augmentation to the budget and adoption of budget trailer bill language. Current law provides assistance to senior citizen homeowners and renters who are age 62 or older (and totally disabled persons of any age) as partial reimbursement of the property taxes on personal residences paid directly by homeowners and indirectly by renters. The Budget Act of 2000 included a trailer bill that increased this benefit by 150% but only for one tax year. This increase sunsets in 2001.
- ✍✍**Citizens' Option for Public Safety (COPS).** The Subcommittee adopt trailer bill language identical to the language contained in SB 823 (Poochigian) which makes the Citizens' Option for Public Safety (COPS) and Juvenile Crime Prevention Programs permanent.
- ✍✍**Local Government Relief.** The Subcommittee placed the Governor's \$250 million in discretionary local government relief funds and \$75 million for technology grants on checklist #1 for further review after the May Revision.
- ✍✍**Bureau of Automotive Repair (BAR).** The Subcommittee completely zeroed out all funding for the Bureau of Automotive Repair (BAR) due to problems with the Smog Check Program. This action was taken primarily because the BAR is not implementing the "Gold Shield Pilot" program which passed the Legislature in 1996 (AB 2515/Bowler) and is designed to minimize consumer inconvenience and ping-ponging related to the test-only stations.

For further information, please contact the Senate Republican Fiscal Office, at (916) 323-9221.
